

Measure your inventory without manual calculations



There's a difficult discrepancy between the inventory you purchase from vendors — often wholesale — and the individual products you sell to your customers. Before QuickBooks 2007, there was no easy way to work around these unit differences. The new Units of Measure feature will make converting your inventory units a piece of cake.

To sell and track a new item, which we purchase in cases of 12, individually to our customers, we'll:

- Enable the Units of Measure feature and allow multiple units of measurement per inventory item.
- Add a new item to our Item List that we purchase in cases of 12 — but sell as individual units.
- Buy a case of the inventory item with a purchase order and then sell individual units on a customer invoice.

In a perfect world, our inventory would be universally bought and sold in the same units. But reality is more complicated. Many retailers buy products from wholesale vendors and then sell the products as individual units. This discrepancy gets confusing for both you and your vendor. To address this dilemma, QuickBooks will convert from wholesale units to individual units — and calculate prices based on those conversions.

Version limitations: The Units of Measure feature is only available in QuickBooks 2007 and 2008's Premier and Enterprise versions.

Enable the new feature

Before you can take advantage of this new inventory feature, you must enable it in your company's preferences.

To turn on the Units of Measure feature:

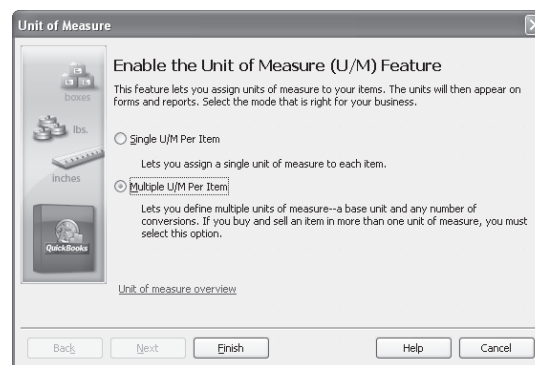
1. Launch QuickBooks and open your company file.

2. Choose Edit | Preferences from the menu bar to display the Preferences window.
3. Click the Items & Inventory icon on the left side of the window and then select the Company Preferences tab.
4. Click the Enable button in the Units of Measure panel. The Unit of Measure screen displays.
5. Choose the Multiple U/M Per Item option button, as shown in **Figure 1**.

6. Click Finish to enable the feature. You'll see Multiple U/M Per Item display in the new dropdown list on the Preferences window.

7. Click OK to close the Preferences window.

The other option QuickBooks offers you, the Single U/M Per Item option, is only applicable if you want to buy and sell a product in the same units. For instance, you buy computer monitors individually and then also sell them to



1: You must enable the Units of Measure feature before you can assign units to your inventory items.



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your customers individually. This option doesn't allow you to convert between wholesale and individual unit sets.

Assign units to your inventory items

Let's say that our sample company, Ginger's Gift Shop, is adding a new item to its inventory. The store will now purchase bottled tea drinks in cases of 12. However, they will sell the bottled tea to customers individually. We'll show you how to set up these units of measure for the new item.

To create a new item:

1. Choose Lists | Item List from the menu bar to open the Item List.
2. Press [Ctrl]N to display the New Item window and choose Inventory Part from the Type dropdown list.
3. Enter *Bottled Tea Drink* in the Item Name/Number text box.
4. Type *.98* in the Purchase Information panel's Cost text box and then type *1.89* in the Sales Information panel's Sales Price text box.
5. Select *Sales:Merchandise* from the Sales Information panel's Income Account dropdown list.
6. Enter *36* in the Inventory Information panel's Reorder Point text box.
7. Enter both purchase and sales descriptions in the corresponding text boxes, if you wish.

The New Item window should now resemble the one shown in **Figure 2**. We'll buy the bottled tea drinks for \$.98 each and then sell them to our customers for \$1.89 each. When our inventory count reaches the reorder point, 36, QuickBooks will remind us to purchase more.

To designate unit of measurement sets for the item:

1. Select Add New from the U/M Set dropdown list in the Unit Of Measure panel. The Unit of Measure wizard launches.
2. Select the Count option button, since we'll purchase the item in 12-count cases.
3. Click Next and choose the Each option button as the item's base unit of measure.
4. Click Next and then select the units you want to include for the item in addition to its base unit by clicking in the Add column so a check mark displays. If the unit you want isn't in the list, you can add it on a new line.

Expert advice: The base unit of measure you designate for an item is the unit that QuickBooks displays in your inventory reports. The base unit should be your smallest possible unit.

2: The new inventory item needs sales and purchase information since we'll be buying the item from a vendor and then reselling it.

Add	Name	Abbreviation	# of ea
	pair	pr	2
	dozen	dz	12
	package	pkg	
	box	bx	
✓	case	cs	12

3: You can add a unit to the list just by typing the new unit's information in a blank line.

- Enter the number of individual items in the unit in the # Of Ea column. For our example, we buy the bottled tea in cases of 12, as shown in **Figure 3**. You can also modify the unit's abbreviation, if you wish, in the Abbreviation column. Click Next.

More than one unit: Select all related units you might need for an item. For example, if we have a backup vendor for our bottled tea that sells the tea in boxes of 24 instead of cases of 12, we would select both units from the Add Related Units screen.

- Choose Case from the Purchase dropdown list because we'll be buying the item from our vendor in cases.
- Ensure that the Sales dropdown list displays Each, since we want to sell the bottled teas individually. Click Next.
- Type a name for the unit of measure set so you can easily apply it to other items, if necessary. We'll call ours *12-Count Case In Each*.
- Click Finish and notice your unit of measure set name appears in the U/M Set dropdown list. Click OK to add the item to your Item List.

Once you create a unit of measure set, QuickBooks stores it in the U/M Set List. To access the list, just choose Lists | U/M Set List from the menu bar. You can edit existing U/M sets — or create new sets — all from the U/M Set List, as shown in **Figure 4**.

Attention: You can't delete a U/M set, but you can make it inactive. Just right-click on the set in the U/M Set List and choose Make U/M Set Inactive from the resulting shortcut menu.

Add a unit of measure to an existing item

You can enable the Unit of Measure feature and assign unit of measure sets to existing items. Just select the item in the Item List and press [Ctrl]E to open the Edit Item window where you can assign a unit of measure set.

Buy and sell items in the correct set

The prep work is done, and now you're ready to buy and sell bottled teas. Let's fill out a purchase order to buy a case of tea from our vendor and then invoice a customer for three individual bottles.

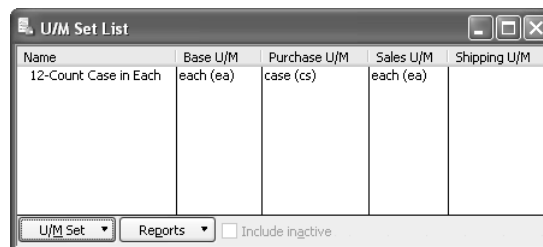
To create a purchase order for a case of bottled tea:

- Click the Purchase Orders icon on your Home page or choose Vendors | Create Purchase Orders from the menu bar.
- Select the vendor from the Vendor dropdown list in the Create Purchase Orders window.

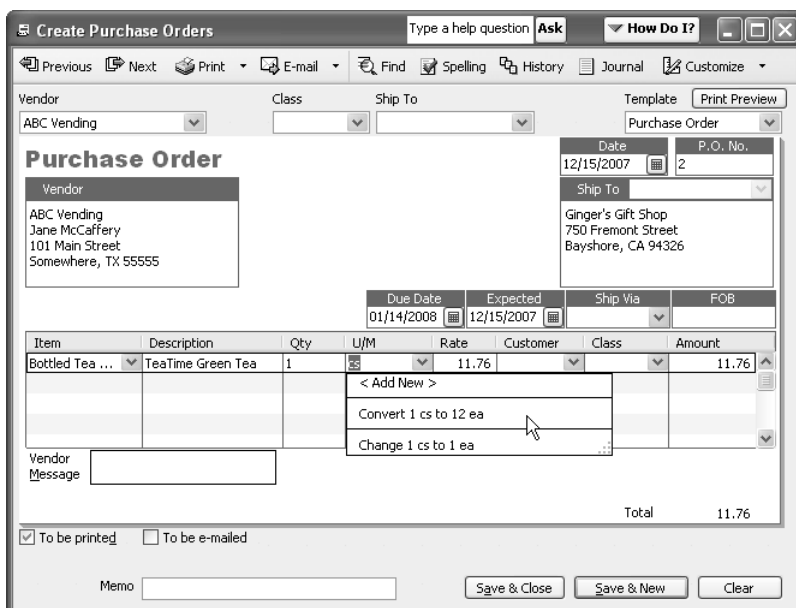
- Choose Bottled Tea Drink from the Item dropdown list in the first line item.

Notice that the information automatically fills in for one case of the item — not one individual bottle. Also, the amount is \$11.76, which is our base unit's purchase price multiplied by the number of units that come in the case (12). Since we set the case unit as our default for purchase forms, QuickBooks automatically used that unit.

If you wanted to change the line item's unit and override the default, you could choose a different item from the U/M column's dropdown list, as shown in **Figure 5**. The Convert 1 Cs To 12 Ea



4: Manage your unit of measure sets from the U/M Set List.



5: You can manipulate the line item's quantity and unit of measure to display so that you and your vendor understand the order.

option results in the same total amount, but it shows 12 in the Qty column, Ea as the U/M set and .98 in the Rate column. The Change 1 Cs To 1 Ea option just modifies the unit. The line item's total is now only \$.98 because it applies to one bottle instead of one case.

Let's say that the P.O. we just recorded has been fulfilled and we've received the case of bottled tea drink that we ordered from our vendor. Now we need to receive the shipment and bill.

To receive the shipment and bill:

1. Click the Receive Inventory icon on the Home page and choose

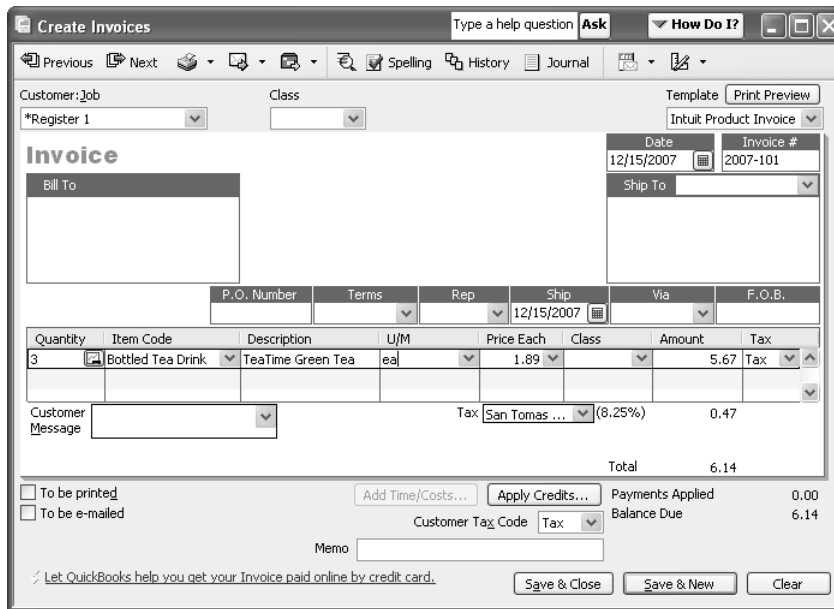
Receive Inventory With Bill from the dropdown list.

2. Enter the vendor in the Vendor dropdown list on the Enter Bills window.
3. Add one case of the Bottled Tea Drink to the first line item on the Items tab.
4. Click Save & Close to add the case to your inventory.

To invoice a customer for individual items:

1. Click the Invoices icon on the Home page to open the Create Invoices window.

2. Choose Register 1 from the Customer:Job dropdown list (or a customer if appropriate).
3. Select Bottled Tea Drink from the Item column in the first line item. Note that our default for sales forms is the Ea unit, so QuickBooks assumes we're selling one individual bottle.
4. Enter 3 in the Quantity column. QuickBooks calculates the total based on the sale price we set up in the Bottled Tea Drink item, as shown in **Figure 6**.



6: You can sell the inventory item in Each units even though you purchased the item in Case units.



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